

DRAFT PROFFER POLICY ANALYSIS REPORT

SUMMARY OF CASH PROFFER ACCEPTANCE- POLICIES AND METHODOLOGIES IN FAUQUIER COUNTY AND SELECTED OTHER JURISDICTIONS

Version 9/20/99

County Population February 1999: 52,600¹

County Size: 651 square miles

Average Annual Growth Rate 1990-1998: .9%²

Background on Proffer Legislation

State Legislation

The Virginia legislature has three separate types of proffer legislation, which apply to differing localities statewide. These categories are summarized below.

1. The first category is commonly referred to as the “old style” proffering (refer to Virginia Code 15.2-2296). This category is wide open to a jurisdiction; anything may be proffered and it applies to very select number of localities: Fairfax County, Loudoun County, Prince William County and Virginia Beach. Under this type of conditional zoning, a developer/applicant may proffer anything to the locality without the requirement that the proffer need arises from the proposed rezoning. An example could be a residential developer proposing to dedicate land and/or construct a commuter parking lot or commuter rail stop along the Dulles Toll Road.
2. The second type of proffer legislation can be referred to as the “high growth” or “middle style” of proffers (refer to Virginia Code 15.2-2298). This enabling legislation is limited to those jurisdictions that had a population growth of ten percent or more from “the next to latest decennial census year,” also to certain localities which are located or adjacent to such a locality as defined that section. This code section allows these localities to accept proffers if: “ (i) the rezoning itself gives rise to the need for the conditions; (ii) the conditions have a reasonable relation to the rezoning; and (iii) all conditions are in conformity with the comprehensive plan as defined in 15-2-2223.”

These restrictions are important since they limit proffers to impacts arising out of the rezoning application. For example, to accept a cash or land proffer for schools, it must be theoretically shown that the development will need new or additional construction in that area of the county to serve that project, or that school seats will have to shift to another school as a result of the proposed residential rezoning. In addition to the nexus standard, the Virginia Code also requires that the proffer of cash or real estate not be accepted until the project is shown in the jurisdiction’s capital improvement program.

¹ Source for all population, growth rates and area numbers is the Weldon Cooper Center for Public Service’s *Spotlight on Virginia* Vol.3 No. 2 Feb 1999.

² U.S. 1990 Census

3. The third and final type of proffer is normally referred to as the “new style” proffering (refer to Virginia Code 15.2-2297). This category is the most limited. While it has similarities to the high growth proffering process and requirements, it prohibits cash contributions, mandatory dedication of real or personal property for enumerated uses, construction of off-site improvements or proffers not related to the physical development or operation of the property.

Fauquier County

Fauquier County falls under the requirements of the *high growth proffer* category, and the criteria outlined in the previous section. The Fauquier County Board of Supervisors enacted changes to the Zoning Ordinance on August 7, 1990 to accept cash proffers from applicants seeking rezoning approvals in accordance with the enabling legislation adopted by the Virginia Assembly on July 1, 1990.

From 1990 through 1999, the County has accepted \$7,848.71 in cash proffers for rezoning applications approved at above “by-right” density. This money has come entirely from one residential project of single-family homes in the Millwood subdivision and has been used for school capital facilities. (See Appendix 1.) Fauquier County has typically accepted proffered cash contributions from recent rezoning requests for schools, transportation, and fire & rescue. Cash proffers are accepted only for those units above the “by right” density allowed on a given property.

General Policy Recommendations

1. *By-Right Threshold.* Proffers are currently accepted in Fauquier County residential rezoning proposals for only those units exceeding the density, which could be approved “by right” on a given parcel’s original zoning classification being requested for change. That change is the nexus of impact, which the proffers are trying to mitigate.

An example is the Waterfield rezoning application approved in 1998. The properties involved were originally zoned R-1 and could have had ± 179 units developed onsite. The rezoning requested 667 residential units, which represented an additional 488 homes not anticipated in the 5-Year CIP planning, the local road network and other facilities. Therefore, the developer voluntarily proffered a variety of off-site road improvements, public facility land dedications and cash contributions for schools and emergency services to mitigate the impact of the additional development. For example, the approved Proffer Statement offered, “for each occupancy permit after issuance of the 179th occupancy permit”, a cash contribution for school capital costs of \$3,500 for single-family units and \$2,500 for townhouse units.

Here the Waterfield rezoning case emphasizes the timing and when cash contribution proffers are acceptable, using the above the “by-right” density criteria.³ However, cash proffer contributions could be converted to a per unit cost applicable to all units but based on

³ Waterfield PRD Rezoning Application Proffers August 31, 1998

the contributions for those units above the “by-right” density. For example, if a project has a proposed total of 40 units, and 10 of these are “by-right” units and cash proffers are offered in the amount of \$4,000 for the 30 units above the “by-right” density, the actual total amount could be averaged for the total number of units. Thus, 30 units x \$4,000 = \$120,000 in total cash proffers offered. \$120,000 divided by the total 40 units = \$3,000 per unit to be collected prior to issuance of each zoning/occupancy permit.

2. *Maximum Proffer Thresholds.* Staff could annually propose a maximum voluntary proffer to be considered by the Board of Supervisors (BOS), as does Chesterfield County to further insulate Fauquier County from court challenges. For example, the proffer amount in 1999 for Chesterfield County exceeded \$10,000; however, that year the established maximum voluntary proffer was \$6,200. That topic is discussed in later sections (refer to Appendix 2). Here the main point is the proffer amount can be updated annually to coincide with changes to the existing levels of service and the 5-year CIP, or by a designated date as approved by the BOS.

3. *Other Recommendations.*

- a. Fauquier County should not discount costs by any percentage, since the reason to accept proffers is to mitigate capital costs caused by development above the “by-right” number. However, all applicable credits should be given so that no “double charging” occurs.
- b. Proffers should be based on generalized County costs as a guide, but tailored specifically to each proposed development to ensure that capital costs are generated by the specific project.
- c. In addition to voluntary cash proffered contributions, land and facility dedications also will be accepted for fire and rescue, libraries, neighborhood parks, roads, and other associated public facilities that primarily benefit the proposed community and are recommended within the Comprehensive Plan. Credit may be given for facilities that will benefit residents countywide, as new residents will use the countywide services in addition to the neighborhood services provided by the developer (e.g., a major road-Vint Hill Parkway, a public/community park).

Credit should be provided only for facilities intended for use of residents outside the development. Facility and/or land value should be established on an assessed value of the land prior to the rezoning and County acceptance of the proffers. This assessed value should be approved by the department responsible for that public facility/service and affected by the proffer. Credit should not be given for amounts above the assessed value.

- d. Cash proffers for residential units should be paid to the County at the time of zoning/building permit issuance. However, specific cash proffers may be accepted until the capital facilities, associated with the proffer, are contained in the 5-Year CIP. In order to protect Fauquier County’s interests from the impacts of inflation, the original proffer amounts also should be tied to the Consumer Price Index (CPI) or the Marshall

Swift Building Index, which is the commonly accepted practice. Currently the CPI is utilized.

- e. The Comprehensive Plan should identify the general locations and the essential public facilities needed to meet the planned population within the designated Service Districts, and reference adopted guidelines for cash proffers as applicable.

Methodology

It is recommended that Fauquier County accept proffers based on the methodology utilizing the existing service levels (ESL method). Chesterfield County in Virginia has successfully employed that method, which is described in a subsequent section titled Options for Fauquier County and in Appendix 2. The assumption is that residents and the Board of Supervisors consider the existing levels of services adequate and to be maintained at that quality level as expanded. The challenge is to agree upon and determine that existing level measure accurately. Where it is impossible to determine that level accurately, staff recommends that Fauquier County accept proffers based on the amount in the 5-year CIP (CIP method) or on the cost to build (CTB method).

These voluntary cash proffers will be accepted in rezoning cases for all units above “by-right” density on a given parcel. The methods here are described in subsequent sections in more detail, meet the intent of the enabling legislation, are relatively easy to calculate, and can demonstrate that the cash proffer contributions accepted are proportionate to the share of the capital facilities actually budgeted and used by the new residents. Credits will be given to applicants to assure that they are not charged twice for applicable debt service (\$120 per capita)⁴ and for revenue generated by nonlocal tax revenues (Federal and State contributions: 32% or \$20 million for schools; 9% or \$8 million for County Government). These credits will be subtracted from the total proffer amount that could be accepted.

Rules

1. Voluntary cash proffers should be related to the County costs for new capital facilities above densities currently allowed “by right”, and only when the need for the proffer arises out of identifiable impacts generated by the rezoning application itself. The proffer must have a reasonable relationship to the proposed rezoning.
2. Tax revenue derived from residential growth is not assumed to pay for all of the normal governmental operating costs needed to serve the new residents from the proposed residential project. Note that operating costs cannot be captured through the rezoning process due to the lack of enabling legislation (Dillon Rule).
3. Cash proffers will not be used to raise existing public facilities to established standards for existing residents, but to provide capital facilities for new residents resulting from densities higher than “by right” densities. Therefore, only those items in the CIP that will result in

⁴ From John Tuohy, Director Fauquier County Department of Finance

added capacity will be included in the establishment of “maximum cash proffers” to be accepted. For example, cash proffers will not be used to build permanent classrooms to replace trailers in use, unless building permanent classrooms adds to the schools’ capacity for additional students.

4. Countywide costs are assumed to be generally accurate as a starting point for any given development and an assessment of its capital cost ramifications to the County. However, each specific site must be scrutinized for differences that are unique to that planning area. Unique factors may be reviewed for specific projects as needed or as designated by the Board of Supervisors. For example, there may be a need for more school, fire & rescue or parks capacity in some areas of the County, whereas in other areas there may be excess capacity for a given capital facility. Proffer policy should be flexible enough to consider unique requirements in specific service districts.
5. Average household generation rates are used for this document and may be further delineated by type of unit, until better information is available from the 2000 Census. Generation rates may be calculated by type for schools because different student generation rates can be expected for Single Family Detached, (SFD), Single Family Attached (SFA) and Multifamily (MF) units. Since the overwhelming majority of homes in Fauquier County are SFD, this breakdown by residential category is not needed or assumed to be a major factor at this point. However, if an application containing a significant number of proposed Single Family Attached (SFA) or Multifamily (MF) units is received, generation rates applicable to each unit type may need to be calculated.
6. Student generation rates are assumed to be for the life of a project, not on initial, “new neighborhood” rates. A project may have relatively higher student generation rates than older neighborhoods, but should average out over time to coincide with countywide rates. For instance, a new subdivision may start out initially with two or three children per household, but over twenty years will average out to one or fewer children per household.

Available Options Analyzed

Other jurisdictions have enacted ways to mitigate capital facilities impacts of a proposed rezoning application by accepting combinations of land dedications, actual construction and differing amounts of cash proffers as shown in the previous sections of this report. The Department of Community Development reviewed the methodologies used by the Counties of Chesterfield, Loudoun, Prince William and Stafford, as well as the City of Chesapeake. All established approaches are successful and were designed pursuant to the applicable proffer limitations established in the Virginia Code for their jurisdiction. Summaries of their individual methodologies are contained in Appendices 2 and 3. The technique Fauquier County has used historically is demonstrated in Appendix 4.

Grounded on these referenced methodologies, the County staff has developed several options to determine what these public facility costs actually are within our jurisdiction. Since Fauquier County does not have adopted level of service standards, a reasonable approach could base

projected costs on the 5-year Capital Improvement Program (CIP) as Stafford County does, or on an existing level of service as does Chesterfield County.

In sum, the following analyzed options all provide the requisite building blocks needed to determine capital costs for all facilities: 1) The Capital Improvement Program (CIP) Methodology; 2) Existing Service Levels Methodology (ELS); 3) Cost to Build Methodology, similar to the existing Fauquier County policy shown for schools (CTB); and the 4) Level of Service Cutoffs Methodology (LOSAX).

Preferred Options

1. Capital Improvement Program Average Methodology (CIP):

Schools

Providing adequate funding for the education of Fauquier County's children is the most important and expensive service that the County provides. A great deal of planning goes into ensuring that Fauquier County is able to continue to provide quality education not only for its current student population, but also for the students who will move into the community during the near and intermediate future. Current projections show that additional capacity is needed within the next several years at the elementary and middle school levels and that more capacity will be needed at the high school level in the 2007 time frame. Funds in the amount of \$16.8 million for elementary and middle schools are included in the current 5-year Capital Improvements Program (CIP FY 2000-2004), while a high school, with a projected construction cost of \$30 million (*Note that cost is now an estimated \$48 million*), is projected to be included in the CIP in subsequent years.

CIP Methodology: The formula for computing the amount of cash that developers may proffer for schools follows. Fauquier County currently will accept voluntary proffers for only those units approved above the by-right density and the need for which arise out of the development. Deductions/credits will be given for land and other associated dedications, which are identified within the Comprehensive Plan.

- Student seat amount = (amount budgeted in the 5-year CIP for schools) / (the number of students in the Fauquier County Public School system)
- Student seat amount = \$13,918,652 / 9377 students = \$1,484 per student
- Per unit amount = (student seat amount for capital costs) x (student generation rate)
- Per unit amount = \$1,484 x .93⁵ = \$1,380 per unit.

Note: If capital costs for building an elementary school in FY 2001 and 2002 (currently to be bond-funded) for \$8,500,000 and a middle school in FY 2003 and 2004 for \$14,500,000 are included the costs are: \$23,013,918 / 9377 students = \$2,454 x .93 = \$2,282 per unit.

⁵ student generation rate of .93 from Jim Snyder at Fauquier County Public Schools

If, in addition, a high school for \$30,000,000 is considered in FY 2007 (currently projected for FY 2007 but not yet in the CIP), the costs are:

$\$53,013,918 / 9377 \text{ students} = \$5,654 \text{ per student}; \$5,654 \times .93 = \$5,258 \text{ per unit.}$

Parks & Recreation

The inventory of available park and recreation facilities in Fauquier County is considerable and unique, yet still lacking in key areas such as ball fields and tennis courts according to national standards. Acceptance of cash proffers is one way to fund capital facilities so these levels do not continue to fall further below national standards when more residential units are allowed.

CIP Methodology: The formula for computing the amount of cash developers may proffer for Parks & Recreation follows. Fauquier County will accept proffers for only those units approved that are above the by-right density and the need for which arises out of the development.

- Per unit amount to be accepted for cash proffer = [(amount in the 5-year CIP for capital costs) / (# of existing residents)] x (average demand generator per type of unit)
- Demand generator = average number of persons in a particular type of unit.
- Current # of residents is approximately 52,600.
- $\$11,020,000 / 52,600 \text{ residents} = \$210 \text{ per resident. } \$210 \times 2.89^6 = \$607 \text{ per unit.}$

Libraries

Fauquier County has several good library facilities including the main branch in Warrenton, the John Barton Payne branch in Warrenton, the John Marshall branch in Marshall and the Bealeton branch. However, library space in Fauquier County generally falls below the State guidelines.

- Per unit amount to be accepted for cash proffer = [(amount in the 5-year CIP for capital costs) / (# of existing residents)] x (average demand generator per type of unit)
- Demand generator = average number of persons in a particular type of unit.
- Current # of residents is approximately 52,600.
- $\$2,750,515 / 52,600 \text{ residents} = \$52 \text{ per resident. } \$52 \times 2.89 = \$150 \text{ per unit.}$

Fire & Rescue

Fire & rescue service in Fauquier County is a mixture of paid and volunteer staff, with the facilities owned by the volunteer companies. Many of the existing facilities and equipment are in need of replacement or purchase to extend capacity, and many of the volunteers do not have a place to congregate, cook, eat or sleep while on duty. Money to build the facilities and purchase equipment has typically come from fundraising by the volunteers. Therefore, little money has been included in the CIP to date for fire & rescue facilities or equipment.

⁶ U.S. 1990 Census Fauquier County persons per household.

- Per unit amount to be accepted for cash proffer = [(amount in the 5-year CIP for capital costs) / (# of existing residents)] x (average demand generator per type of unit)
- Demand generator = average number of persons in a particular type of unit.
- Current # of residents is approximately 52,600.
- \$714,000 (radios)+ \$700,934 (computer aided dispatch) = \$1,414,934 / 52,600 residents = \$27 per resident. $\$27 \times 2.89 = \78 per unit. This number for radios and computer aided dispatch is also to be utilized by the Sheriff's Office, and thus must be divided between the two departments. \$78 per unit divided by 2 = \$39 per unit for fire & rescue and the office of the Sheriff.

Sheriff

The Sheriff is responsible for the majority of law enforcement services in the 651 square miles of Fauquier County and oversees 89 deputies. Law enforcement services programs provided include: the Adult Detention Center; Animal Control; Auxiliary Deputy Program; Civil Process; Community Services; Court Security; Crime Analysis; Criminal Investigations; Drug Task Force; Emergency Response Team; Explorer Program; and Patrol Operations. Costs for the Sheriff do not necessarily rise with each additional resident, but generally another officer should be added for each 1,500 additional persons.

- Per unit amount to be accepted for cash proffer = \$39 per unit as outlined above under the Fire & Rescue category + \$1,808,063 (vehicles).
- $\$1,808,063 / 52,600 = \34 per resident $\times 2.89 = \$98$ per unit. $\$39 + \$98 = \$137$ per unit.

Transportation (may include bike and walking trails)

VDOT has a 6 Year Plan and for the secondary road system \$21,948,448 is allocated for Fauquier County in the next six years. $\$21,948,448 / 52,600 = \417 per person or $\$417 \times 2.89 = \$1,205$ per unit. These contributions to the County for specific improvements would need to be transmitted to VDOT for actual construction projects.

There is currently no money allocated in the 5-year CIP for transportation projects.

Environmental Services

CIP Methodology: The formula for computing the amount of cash developers may proffer for Landfill follows. Fauquier County will accept proffers for only those units approved above the by-right density and will credit developers for State funding or grant monies received.

- Per unit amount to be accepted for cash proffer = [(amount in the 5-year CIP for capital costs) / (# of existing residents)] x (average demand generator per type of unit)
- Demand generator = average number of persons in a particular type of unit.
- Current # of residents is approximately 52,600. There is no money in the CIP to date.
- $\$0 / 52,600$ residents = \$ 0 per resident. $\$0 \times 2.89 = \0 per unit.

2. Existing Level of Service Methodology (ELS):

Note that this methodology is based on the principle that the existing levels of service for emergency services, libraries, parks and recreation, schools and other public facilities are at acceptable. Any expansions or new construction to meet growth must be provided at the same levels of service and quality.

- Credits: Credits will be subtracted from the totals found in Table 1 on page 13.
- Calculations are done based on current value of capital facilities, which translates to an existing level of service.

Schools

- Cost per student total replacement cost for all capital expenditures divided by the number of students and then multiplied by the student generation rate. This is calculated as an average per student.
- Students per household (student generation rate): 0.93. The cost per household is impacted significantly by the student generation rate, which needs to be reviewed and updated. Tables 1A and 1B demonstrate the difference in costs per household when the student generation rate is varied from 0.93 to 0.56 and 0.65.

COSTS:

- 1,515,961 square feet total for schools.
- Total acreage is 443.5 acres.
- 9,377 students = 161.7 square feet per student + .0473 acres per student
- The 1998 replacement cost value of school buildings, contents, equipment, computers and vehicles for schools is \$159,622,174.⁷ The land value of schools property is 13,154,000.⁸ Thus, $\$159,622,174 + \$13,154,000 = \$172,776,174 / 9,377 \text{ students} = \$18,426 \text{ per student}$. $\$18,426 \times .93 = \$17,136 \text{ per unit}$. This total per unit cost is then multiplied by 0.68, which represents the local share of school costs, federal and state grants and non-local tax revenues are deducted, $(0.68 \times \$17,136) = \$11,652$.

Parks & Recreation

- Gross cost = replacement cost for all capital expenditures divided by the number of residents and then multiplied by the household generation rate for per unit amount;
- Net cost per unit = gross cost per unit – credits per unit;
- $\$12,607,134^* / 52,600 = \$240 \text{ per person} \times 2.89 = \694 per unit .

*This figure is underestimated due to the lack of an accurate assessment on the worth of all parks

⁷ Information provided by Sheila Farmer, Risk Management

⁸ Commissioner of Revenue Office

facilities and their associated improvements. Many of the improvements and their value are cumulative and difficult to determine without an actual inventory. The complicating factor in determining value of the parks system is that Parks & Recreation has developed a great many partnerships with schools, the Town of Warrenton and other private entities to develop baseball, soccer and other fields. Typically, the land is provided by these other entities and the improvements are provided by Fauquier County Parks & Recreation. This significant value is not captured on any County inventory. Also, many of the older buildings which are still in good and usable condition could not be replaced for anywhere near their assessed value. In order to be able to use the existing level of service method for parks, it is recommended that money be allocated for an assessment of the value of the County's existing parks system.

Library

- Gross cost = replacement cost for all capital facilities divided by the number of residents and multiplied by a household generation rate. $\$5,980,845 / 52,600 = \$114 \times 2.89 = \$329$ per unit.
- Net cost per unit = gross cost per unit – credits per unit

Fire & Rescue

- Gross cost = replacement cost for all capital expenditures divided by the number of residents and multiplied by the household generation rate.
- $\$26,600,970 / 52,600 = \506 per person $\times 2.89 = \$1,462$ per unit.
- Net cost per unit = gross cost per unit – credits per unit.

Sheriff

- Gross cost = replacement cost for all capital expenditures divided by the number of residents and multiplied by a household generation rate.
- $\$7,212,915 / 52,600 = \137 per person $\times 2.89 = \$396$ per unit.
- Credits = amount of grant monies or State funding.

Transportation (may include alternative modes like biking and walking)

(Number of lane miles per capita) + (equipment cost per capita)

The ELS method is not considered possible to utilize according to VDOT because improvements are based on traffic generation rates rather than generation rates per capita. Another complicating factor is due to a large percentage of the traffic being classified as through traffic and is therefore not all generated by new development in Fauquier County. VDOT does generally consider each additional unit to generate approximately ten additional trips per day.

Fauquier County may wish to consider developing an approach similar to Prince William County's Level of Service policy. This jurisdiction requires that the number of lane miles needed by a certain date (e.g., Prince William uses the year 2020) to maintain a certain level of service ("D"). Fauquier County would most likely want to use Level of Service "C" due to our more rural nature, and would be utilized on a per project basis.

Environmental Services (Landfill)

Fauquier County residents have access to six clean and convenient areas to dispose of trash and generate five pounds of trash per day on average. The average household produces approximately fourteen pounds per day. ($5 \times 2.89 = 14.45$)

- Ex service levels = (value of landfill space 122 acres total) + (equipment value + vehicle value) = replacement cost for all capital expenditures / the number of residents and multiplied by a household generation rate. $\$3,246,865$ divided by $52,600 = \$62$ per person $\times 2.89 = \$179$ per
- Net cost per unit = gross cost per unit – credits per unit.

3. Cost to Build Methodology (CTB):

Credits: Credits will be subtracted from the totals found in Table 1 on page 13; for example:

- Local / non-local credit for State/Federal grants are deducted from the cost totals in Table 1.
- Debt service credit to ensure that new residents do not pay twice for capital improvements.

Schools

This is very similar to the policy currently in effect for schools with the exception that costs are subtracted only for debt service and any State monies granted for capital facilities.

1. Capital cost of a new school seat is determined based on the estimated cost of constructing a new school seat and dividing by capacity.
 - Elementary = $\$10,000,000$ for 650 students = $\$15,384$ per student.
 - Middle = $\$16,000,000$ for 650 students = $\$24,000$ per student.
 - Secondary = $\$34,000,000$ for 1,600 students = $\$22,000$ per student.
 - Elementary = 47% of total enrollment = $\$7,230$ weighted average.
 - Middle = 24% of total enrollment = $\$5,760$ weighted average.
 - Secondary = 29% of total enrollment = $\$6,380$ weighted average.
 - Total Weighted Average = $\$19,370$ per student seat capital cost
2. Number of school-aged children per unit is determined using school administration estimates. This is called the student generation rate and is currently .93

3. Cost per dwelling unit for school seats is calculated by multiplying cost per seat by number of children expected per dwelling unit. For example, $\$19,370 \times .93 = \$18,014$ per dwelling unit.
4. Costs are subtracted for debt service, grant monies and State funding.
 - Amount of proffer = {(total average cost per student) x [(# of dwelling units by type) x (student generation rate for type of unit)] – credits for State funding, grant monies, debt service}.
 - Debt service for schools = $\$3,310,349$ divided by 9,250 students = $\$358$ per student debt service = $\$332$ per unit $\$18,014 - \$358 = \$17,656$ per unit.

Parks & Recreation

Cost to build a new park is based on \$4,300,000 construction costs for Franklin Park in Loudoun County. Fauquier has not built a new park with facilities in a long time and thus the Loudoun system was utilized for estimated construction costs. Land values are a conservative estimate based on Fauquier values at \$5,000 per acre for a 200 acre park. Franklin Park is 200 acres and serves approximately 40,000 people = $\$1,000,000$ for land plus $\$4,300,000$ for facilities = $\$5,300,000 / 40,000$ people = $\$133$ per capita and $\$384$ per unit.

Franklin Park includes a baseball complex, an irrigation lake, two football fields, two soccer fields, a swimming pool, two pavilions, a horticulture garden and parking for 600 people.

Libraries

Cost to build new seats is based on the proposed Bealeton Branch in the CIP. Capital costs for the branch are: $\$1,646,600$ and the population of that library service district is projected to be approximately 12,222 in 1998 numbers using a .89% growth rate from 1996. This equates to $\$134.72$ per capita ($\$1,646,600$ divided by 12,222) and $\$389$ per residential unit. ($\$134.72 \times 2.89 = \389).

Fire & Rescue

Cost to build a new station is based on recent estimates of the cost to build a new station at New Baltimore. Land is expected to cost $\$350,000$ and the building is expected to cost approximately $\$750,000$. New Baltimore currently has an estimated number of units of 1,852. $\$1,100,000$ divided by 1,852 = $\$594$ per unit.

Sheriff

Cost to build a new substation for Marshall is \$120,000. This substation will serve approximately 467 homes in the Marshall service district. $\$120,000 \div 467 = \257 per unit.

Environmental Services (Landfill)

Cost to build new convenience site for Marshall is \$160,000 for land + \$75,000 for equipment. This will serve approximately 467 homes (within the service district). This equates to \$235,000 divided by 467 = \$503 per residential unit.

4) Level of Service Cutoff Methodology (LCOM)

Faced with mounting growth and associated costs for new schools and roads, the City Council in Chesapeake, Virginia approved a policy that no new rezoning applications will be approved if capacity is not available for any of the capital facilities, with schools and roads the major considerations. Even though the City of Chesapeake had received over \$400,000 in cash proffers under their former policy, the money was not sufficient to build even a small portion of one school. The growth rate in the City of Chesapeake, since adopting this policy, has slowed considerably, and funding for adequate facilities has begun to catch up with demand as the City is able to better absorb new residents.

Note that Chesapeake operates under the Virginia Code enabling legislation for its city status and zoning powers,, but this option has complications. Determinations of excess capacity, moderate capacity and no capacity could be a part of a reasoned approach to approve or not approve a rezoning based on whether the County has or does not have the ability to accept more residents, and thus more schoolchildren. This approach would require adopting standards for levels of service for schools and roads, including the number of available school seats and roads capacity. ***However, the weakness of this methodology is that local governments currently do not have any Virginia Code provisions, which allow rezoning application denial based on the availability of adequate public facilities.***

The following chart depicts the amounts derived for each facility by method. Backup information is contained in Appendix 5.

TABLE 1 FAUQUIER COUNTY PROFFER METHODOLOGY OPTIONS

<u>FACILITY</u>	CIP*per unit	ELS**per unit	CTB***per unit	LOSAX****
SCHOOLS	\$1,484	\$11,652	\$12,006	poss. applicable
PARKS & REC^	\$607	\$632	\$350	not applicable
LIBRARIES	\$150	\$300	\$354	not applicable
FIRE & RESCUE	\$39	\$1,330	\$540	not applicable
SHERIFF	\$137	\$360	\$234	not applicable
TRANSPORTATION^	\$1,205	not applicable	not applicable	poss. applicable
ENV SERVICES LANDFILL	\$0	\$179	\$503	not applicable

Totals	\$	3,622.00	\$14,453	\$13,987
Credit: Debt Service		(\$128)	(\$128)	(\$128)
Credit: Nonlocal tax>		\$0	\$0	\$0
Adjusted Total	\$	3,494.00	\$14,325	\$13,859

*Based on CIP methodology

**Based on Existing Level of Service methodology

***Based on Cost To Build methodology used for school proffers

****Based on a policy to deny applications if levels of service are not met

^ CIP method based on VDOT 6 yr plan for secondary roads.

^^Parks CTB based on Loudoun County Franklin Park

last update: 8/31/99

>School cost multiplied times 0.68%, which represents the local government share and 0.91 for other public facilities only for the ELS and CTB columns. This calculation results in the deduction for state and federal contributions.

Appendix 1

Residential Cash Proffers to date 7/20/99								
Date	Name of Development	Rezoning #	Amount of cash proffer	# collected to date	# of units approved	student gen rate	# of students expected	total amt collected
8/17/93	Millfield (Warrenton Mgmt Assoc)	90-C-06	\$2,514/unit +CPI (schools) all except affordable du	3	42	0.7	29	\$7,848.71
5/7/96	Southcoate Village D.C. Diamond Corp.	94-L-03	\$3,000/unit after 12 have been built(schools)	0	179			
9/1/98	Waterfield Fauquier Lakes Ltd. Pt.	RZ-96-S-05	after 179 have been built: \$3,500/ SFD unit(schools) \$2,500/ SFA unit(schools) \$50 per lot (F & R)	0	667			
10/2/90	Reynards Crossing (Hunter Chapman)	OOO41	\$2,000/SFD (schools) \$1,200/SFA (schools)	0	78 SFD 130 SFA	0.5	107	
3/2/99	Clarke Property Edward and Alice	RZ-98-L-09	\$3,500/unit after 5 have been built (schools) \$50 per lot (F & R)	0	95			
9/17/96	Dunn Brothers, Inc.	2294	\$3,000/unit after 4 lots	0	15			

Appendix 2

SUMMARIES - other jurisdictions

CHESTERFIELD COUNTY

Contact: Allan Carmody, Budget and Management Department (804) 748-1600

County Population July 1999: 246,100

County Size: 434 sq. miles

Average Annual Growth Rate 1990-1998: 2.0%

General Policy: Chesterfield County intends to capture capital costs generated by needs for new facilities associated with new residents of the County. An assumption is made that annual operating costs from residential units are paid by taxes and other revenue generated on a yearly basis, but that some method is needed to pay for the capital costs associated with those new residential units. For each rezoning application, 1) staff recommends a maximum proffer the Board may accept that meets a test of proportionality⁹ of capital impact for the proposed rezoning; 2) the applicant volunteers contributions; and 3) the Board of Supervisors decides whether to accept the proffered contributions. Proffers are accepted only for those units approved that are in addition to the by-right number of units.

The maximum cash proffer contribution the Board will accept from residential rezoning applicants for 1999 is \$6,200 per dwelling unit plus the Marshall Swift Building Cost Index¹⁰ if paid after June 30. This amount is approximately \$400 less than the actual net costs calculated by staff per unit.

General Methodology: 1) Calculate the annual net cost of public facilities based on existing service levels and actual capital costs for building new facilities 2) Calculate the fiscal impact from residential rezoning requests; and 3) Determine a maximum proffer that may be accepted by the Board.

Staff considers five components for determination of County costs for the provision of capital facilities for each new dwelling unit. This is generally slightly less than the actual net cost, for example, to account for any slight fluctuations for different areas in the County.

The components are:

- a) demand generators- persons per household (2.79 for FY99) and students per household (.56 for FY99).
- b) service levels- existing service levels for each facility. For example, 5.53 acres of park land per 1000 persons.

⁹ A "test of proportionality" relates to showing that a rational nexus exists between the capital facility expenditure required per additional unit and the amount of cash proffered to mitigate the capital expenditures.

¹⁰ The Marshall Swift Building Cost Index is one of the most widely used building cost indexes.

- c) gross cost of public facilities- For example, average persons per dwelling unit x cost per acre cost of parkland plus improvements x the acres per capita.
- d) Credits- credits for debt the County has obligated and that will be paid for through future taxes.
- e) Net cost = gross cost – applicable credit.

Staff calculates demand generators (# of persons and students expected per unit), existing service levels for each type of facility, and a net cost for each type of facility (gross cost of each type of public facility minus credit for bond debt that will be paid for in future taxes).

Proffers are actually spent in geographic districts for roads and schools and applied County-wide for others. Unique circumstances are considered if the developer can show that a certain development is not expected to generate typical capital costs. Proffered contributions are returned to the developer after 15 years if not spent by the County for designated projects.

LOUDOUN COUNTY

Contact: Charles Yudd, Proffer Administrator (703) 777-0246 and Richard Griffin, Community Planner (703) 771-5104

County Population July 1999: 143,900

County Size: 521 sq. miles

Average Annual Growth Rate 1990-1998: 6.2%

General Policy: Loudoun County endeavors to capture 50% of the capital costs for new facilities associated with new residential development above a density of 1.6 dwelling units/acre.

Loudoun County's current policies generally result in contributions of \$1,500 to \$2,500 per unit averaged out over the total number of units exceeding the "by right" density approved in rezonings. However, the proposal adopted in July by the Board of Supervisors could result in cash proffers generally in the \$3,500 to \$5,500 range per unit for residential elements in rezoning applications. Loudoun County is also considering requesting enabling legislation to permit a limit on growth by using an affordability index similar to that used in Boulder, Colorado. A limited number of building permits would be issued per year in order to limit the population growth, and thus the capital expenditures, to the amount of debt the County can carry in a given year.

General Methodology: The Capital Intensity Factor represents the projected capital costs associated with each of the major housing unit types: Single Family Detached (SFD), Single Family Attached (SFA) and Multifamily (MF). The General Plan states: *Estimated capital facilities cost per unit, by unit type will be calculated by a Capital Intensity Factor (CIF) based upon the Fiscal Impact Model for each type of development. The CIF will be calculated using the following formula: $CIF = (Household\ Size \times Facility\ Cost\{other\ than\ schools\}\ per\ Capita) + (Students\ per\ Household \times School\ cost\ per\ student)$*

To calculate cash proffer guidelines, developers are asked to follow this general formula: $[(\text{Total \# of units proposed} - \text{units allowed at a density of 1.6 du/acre} - \text{\# of affordable dwelling units}) \times \text{the CIF}] / 2 = \text{amount of cash proffer}.$

PRINCE WILLIAM COUNTY

Contact: Terry Rixey (703) 792-6864
County Population July 1999: 258,700
County Size: 336 sq. miles
Average Annual Growth Rate 1990-1998: 2.2%

General Policy: Prince William County accepts cash proffers from applicants seeking rezoning of properties, because the current levels of service (LOS) for facilities countywide do not meet the standards adopted by the Board of Supervisors. This methodology is not intended to capture all costs associated with new residential development, but rather is intended to mitigate the demand on capital facilities costs for schools, parks, roads, fire and rescue services, and libraries presented by proposed development. Rates adopted by the Board of Supervisors are scheduled to be phased in over 3 years, with applicants paying 66% of the full amount starting in August of 1998, 80% of the full amount starting in August 1999 and 100% starting August 2000. To date, proffers have been accepted according to the schedule, except when the applicants have shown that their proposal will not impact a specific capital facility due to unique circumstances. For example, several senior community rezoning requests have been approved and are assumed not to generate students. Prince William County also credits land or other improvements that offset effects of a proposed rezoning. There are different rates for the major housing types (SFD, SFA, and MF) and rates are applied countywide. When fully phased in, rates will be per unit: SFD- \$15,571; SFA- \$11,882; and MF- \$6,715.

General Methodology: Prince William County has adopted levels of service for the facilities listed above. Current levels of service County-wide are below standard, thus applicants are expected to mitigate the effects of rezonings by proffering cash that can then be used to offset those effects. The following formulas are utilized:

- Parks: $[(\text{the \# of acres of parkland needed per resident based on the National Parks and Recreation Association}) \times (\text{\# of persons per unit}) \times (\text{the average cost per acre to acquire and develop new parkland})] - (\text{grants and bond payment credits}).$
- Schools: cost per seat per student is determined and then multiplied by the appropriate student rate per type of unit. This number is then multiplied by .54, which is the local share of the cost.
- Fire and rescue: $(\text{amount of square footage per capita needed}) \times (\text{acreage needed per capita}) \times (\text{equipment cost per capita}) \times (\text{the appropriate rate for type of unit}).$
- Libraries: $(\text{cost of building square footage needed per capita}) \times (\text{cost of \# of volumes needed per capita}) \times (\text{demand generators per type of unit})$ according to national standards
- Transportation: $[(\text{number of lane miles needed by 2020 to maintain LOS "D"}) \times (\text{cost of a mile of road})] / (\text{the number of residences}) = \text{per dwelling cost}.$

STAFFORD COUNTY

Contact: Bill Shelly, Planning Director and Jeff Harvey, Planner (540) 658-8668

County Population July 1999: 87,400

County Size: 271 sq. miles

Average Annual Growth Rate 1990-1998: 4.3%

General Policy: Stafford County attempts to capture capital costs of new residential development by assessing a cost to each new unit requested during the rezoning process and requesting applicants to mitigate these costs through cash proffered contributions. An assumption is made that taxes generated per year by residential units do not pay for annual operating costs, but enabling legislation in Virginia does not allow for capture of these operating costs up front. Stafford County charges for each unit involved in the rezoning application, even the “by-right” units. They do not, however, charge for units built that do not go through the rezoning process. Stafford County uses a system that projects cost based entirely on the County’s 5- Year Capital Improvements Program (CIP). The per unit cost for 1999 is \$4,805.33 and is a countywide figure not broken out per unit type. Facilities included are: Schools, Parks, Library, Landfill, Roads, Government Center and General Government.

General Methodology: Staff calculates the budgeted amount in the 5- Year CIP for each capital facility and then divides by the number of units in the County to obtain a per unit cost for each category. This cost is then applied to all units involved in a rezoning. The cash proffer amount has not changed significantly in the past ten years. Stafford County also accepts other proffers such as land dedications and credits applicants in some instances for land proffers. The County also credits for state funding if used for capital improvements.

CITY OF CHESAPEAKE

Contact: Brent Nielson, Planning Director (757) 382-6176; Paige Stutz, Director of School Strategic Planning (757) 547-0580

County Population July 1999: 193,900

County Size: 340 sq. miles

Average Annual Growth Rate 1990-1998: 3.0%

General Policy: The City of Chesapeake no longer accepts cash proffers. The policy now is to deny rezoning applications that would cause the level of service (LOS) to fall below the approved standard for any of the capital facilities, with schools and roads being the most important. The City Council does have the authority to override the policy and has done so sparingly for very unique circumstances in the six years since adopting the LOS policy. This policy was adopted due to several Council members’ concerns that even with cash proffers offered, the City could not keep pace with the capital facilities needed for growth. The growth rate has now slowed considerably, and the City is in a stronger position to keep pace with the construction of needed facilities.

General Methodology: The City of Chesapeake school system maintains records of what each residential unit costs the City in capital costs even though cash proffers are no longer accepted.

The cost is broken out by major unit type, and for 1998, the costs per unit were: SFD- \$9,500; for SFA- \$7,600 and for MF- \$6,100. The school system also tracks student generation rates for the different units, done on a city-wide (or life of the neighborhood) basis, rather than a new neighborhood generation rate basis. New neighborhoods do generate higher rates in the first few years, but the rates average out over time. Student generation rates in 1998 were: SFD- .56; SFA- .45 and MF- .36 **Appendix 3** follows.

Draft Proffer Document

	Prince William	Loudoun	Stafford	Chesterfield	Chesapeake
					NA
Schools			2,135.43 / unit		approx 9,500**
SFD	8,090 / unit				
SFA	5,369 / unit				
MF	2,223 / unit				
Parks			662.52 / unit		
SFD	903 / unit				
SFA	799 / unit				
MF	594 / unit				
Library			53.73 / unit		
SFD	307 / unit				
SFA	273 / unit				
MF	208 / unit				
Fire/Rescue					
SFD	918 / unit				
SFA	818 / unit				
MF	616 / unit				
Police					
SFD					
SFA					
MF					
Transportation			1,600 / unit		
SFD	5,353 / unit				
SFA	4,623 / unit				
MF	3,078 / unit				
General Gov't.					
Landfill			91.82 / unit		
Gov't Ctr			183.71 / unit		
Gen Gov't			78.12 / unit		
SFD					
SFA					
MF					
TOTALS		3,500-5,500 / unit*	4,805.33 / unit	6,200 / unit	
SFD	15,571 / unit				
SFA	11,882 / unit				
MF	6,715 / unit				
Method Used	level of service	level of service	CIP	ex level of service	level of service

* as of July '99

for calculating costs to developer is 50% of total capital costs for each unit above a density of 1.6 du/acre

**Chesapeake no longer collects cash proffers, calculates school capital impacts for planning purposes.

Appendix 4

Existing Methodology:¹¹ Cash proffers have been accepted for schools capital facilities costs in accordance with the following methodology:

1. Capital cost of a new school seat is determined based on the estimated cost of constructing a new school facility and dividing by capacity. For example, in 1994, Herd Planning & Design¹² determined that the average cost of a school seat in Fauquier County was \$14,100. Using the same methodology, the cost of a school seat has increased to \$15,340 for 1999.¹³ To determine this, actual recent school construction costs used were:

Elementary = \$10,000,000 for 650 students = \$15,384 per student.
Middle = \$16,000,000 for 650 students = \$24,000 per student.
Secondary = \$34,000,000 for 1,600 students = \$22,000 per student.

Elementary = 47% of total enrollment = \$7,230 weighted average.
Middle = 24% of total enrollment = \$5,760 weighted average.
Secondary = 29% of total enrollment = \$6,380 weighted average.

Total Weighted Average = \$19,370 per student seat capital cost.

2. Number of school-aged children per unit is determined using school administration estimates. This is called the student generation rate and is currently .93.
3. Cost per dwelling unit for school seats is calculated by multiplying cost per seat by number of children expected per dwelling unit. For example, $\$19,370 \times .93 = \$18,014$ per dwelling unit.
4. Subtractions are made for local revenue not generated by real estate and personal property tax sources. Approximately 13% of revenue is generated by sources other than real estate and personal property, thus \$18,014 is multiplied by 87%. $\$18,014 \times .87 = \$15,672$ per unit.
5. Finally, unit cost is further reduced by the current debt service per dwelling unit. Debt service for schools currently stands at 8.2% of general revenue. Debt service for schools = $\$3,310,349 / 9,250$ students = \$358 per student debt service = \$332 per unit using the .93 student generation rate per dwelling unit. $\$15,672 - \$332 = \$15,340 =$ cost per dwelling unit for schools.

¹¹ Taken from a Technical Memorandum of School Cost Allocations in Fauquier County, Virginia Herd Planning and Design, August 21, 1995

¹² *ibid*

¹³ Cost and enrollment estimates provided by Jim Snyder, Fauquier County School System, 1999

Appendix 5

Existing LOS backup material

	Totals	bldings/contents*	equipment*	computers*	vehicles*	land**
Schools	\$172,776,174	\$148,767,390	\$256,058	\$4,788,000	\$5,810,726	\$13,154,000
Parks & Rec	\$12,607,134	\$7,149,055	\$395,211	\$28,000	\$113,036	\$4,921,832
Library	\$5,980,845	\$5,692,265	\$35,673	\$100,643	\$10,616	\$141,648
Fire & Rescue	\$26,600,970	\$11,309,407	\$2,835,484	\$49,700	\$10,396,379	\$2,010,000
Sheriff	\$7,212,915	\$3,740,725	\$1,300,000	\$82,000	\$1,458,490	\$631,700
Transportation	0					
Environmental Services	\$3,246,865	\$936,100	\$685,354	\$12,000	\$70,511	\$1,542,900

last update:9/2/99

* Data from Risk Management and/or the department affected. All are replacement cost values.

** Data from Commissioner of Revenue or the department affected

note: These numbers include dedications from Vint Hill.

Comparison of Fauquier County Student Generation Rate with Loudoun, Chesterfield and Chesapeake.

Student Generation Rates	Fauquier	Loudoun	Chesterfield	Chesapeake
General	0.93		0.56	
SFD		0.9		0.56
SFA		0.45		0.45
MF		0.2		0.36

Impact on ELS values*	Fauquier	Loudoun	Chesterfield	Chesapeake
using Fauquier County costs				
General	.93 x \$18,426		.56 x \$18,426	
	\$17,136		\$10,318	
SFD	NA	.9 x \$18,426	NA	.56 x \$18,426
		\$16,583		\$10,318
SFA	NA	.45 x \$18,426	NA	.45 x \$18,426
		\$8,292		\$8,292
MF	NA	.2 x \$18,426	NA	.36 x \$18,426
		\$3,685		\$6,633
*prior to credits				